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(15)

CENTRAL INTELLIGENCE AGENCY

Memorandum



THE SITUATION IN VIETNAM

Information as of 1600
6 July 1966

State Dept. review completed

PREPARED FOR THE NATIONAL SECURITY COUNCIL
FURTHER DISSEMINATION OF INFORMATION
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HIGHLIGHTS

There is some unfavorable reaction among the military to the arrest of General Thi, perhaps reflecting some renewed rivalry within the military leadership. In North Vietnam, DRV President Ho Chi Minh has received and reportedly held a lengthy discussion with former French diplomat Jean Saint-eny.

I. The Military Situation in South Vietnam:
Reconnaissance Operation WASHINGTON, conducted by a US Marine battalion, began today in Quang Ngai Province (Para. 1). Viet Cong force attacks South Vietnamese Army units conducting a road security operation north of Qui Nhon (Para. 2). The Viet Cong are planning terrorist attacks in Saigon in retaliation for the US bombing of North Vietnam (Para. 3). There are continuing indications the Viet Cong may be planning an attack on Pleiku town (Para. 5). Weekly review of South Vietnam battle statistics (Para. 7).

II. Political Developments in South Vietnam:
The arrest and possible court-martial of former I Corps commander General Thi has reportedly caused an unfavorable reaction in at least one military faction thus far (Para. 1). Although he indicated that Thi was "finished," Premier Ky today told Ambassador Lodge that he did not think Thi would be court-martialed (Para. 2).

The US Embassy has commented that any public disgrace of Thi could open up rifts in the army which might be difficult to close (Para. 6).

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IV. Other Communist Military Developments: There is nothing of significance to report.

V. Communist Political Developments: French envoy Sainteny is reported to have held two sessions with Ho Chi Minh in Hanoi (Paras. 1-2). Some 50 US pilots were paraded through the streets of Hanoi on 5 July while crowds shouted demands for "vengeance" (Para. 3).

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Chinese Communist propaganda on Vietnam is highlighting rallies and preparations should the war be extended to China (Paras. 7-8).

ANNEX:

South Vietnam Battle Statistics 26 June - 2 July

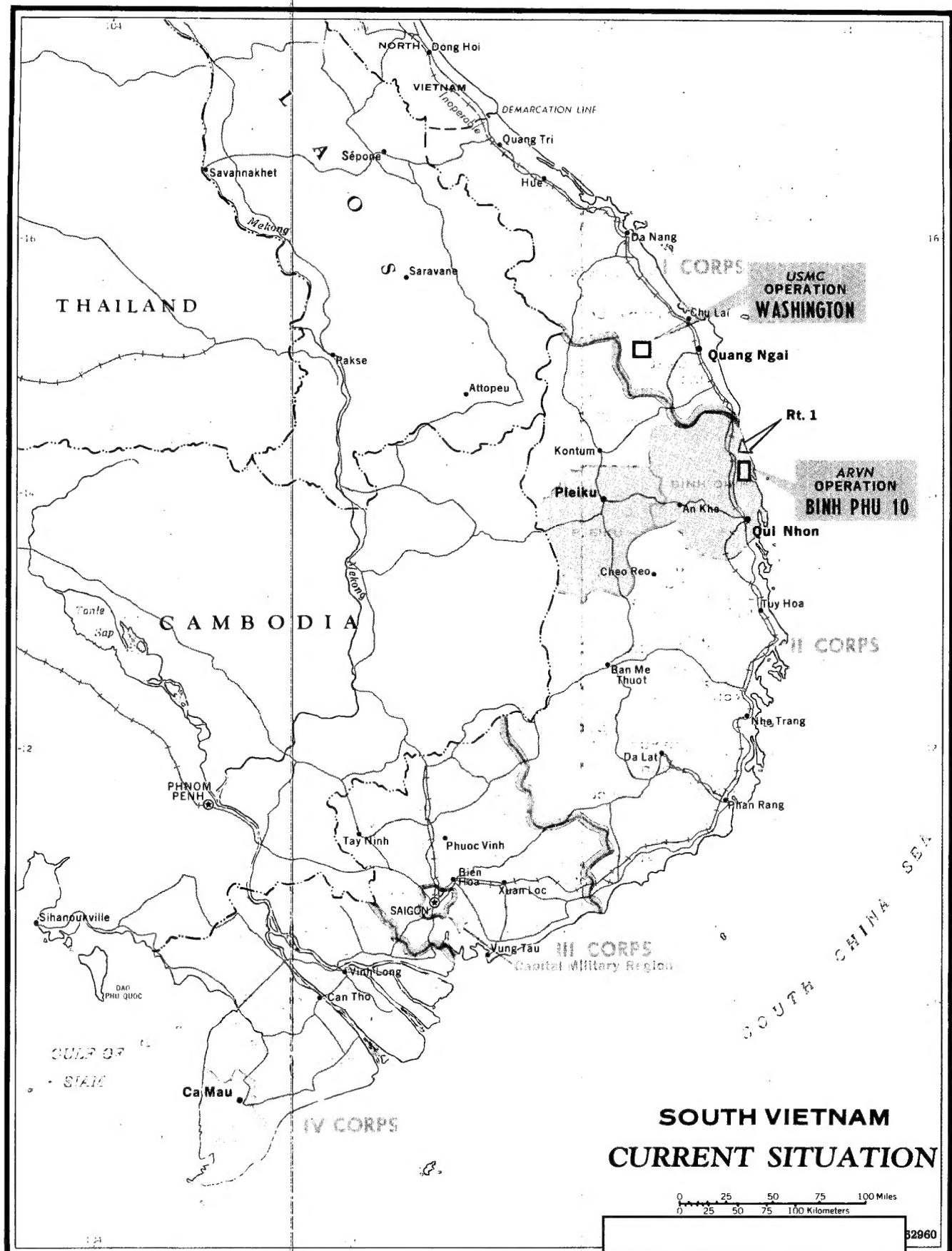
Total Personnel Losses
Cumulative US Combat Casualties
Total Friendly Forces Personnel Losses

South Vietnam Battle Statistics 26 June - 2 July

Viet Cong Incidents
Viet Cong Attacks
Weapons Losses--GVN/VC

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I. THE MILITARY SITUATION IN SOUTH VIETNAM

1. Operation WASHINGTON, a US Marine reconnaissance-in-force operation, began early today in an area about 30 miles west of Quang Ngai. One US Marine reconnaissance battalion, supported by air and artillery, is scheduled to conduct an extensive search of the area which is reported to contain the headquarters of the Viet Cong Military Region 5. Two other Marine battalions are on standby to enter the area if suitable targets are developed. The operation is scheduled to last two weeks.

2. South Vietnamese Army units participating in Operation BINH PHU 9, a security operation on Route 1 north of Qui Nhon in coastal Binh Dinh Province, were attacked today by a Viet Cong force of unknown size. The Viet Cong used mortar and recoilless rifle fire against the friendly forces for more than an hour before tactical air strikes forced the enemy to withdraw. A total of ten South Vietnamese were killed, and a South Vietnamese body count indicates 60 Viet Cong were killed. A reaction operation, BINH PHU 10, was initiated later in the day to replace the units participating in Operation BINH PHU 9.

3. Two CIDG companies and a US Special Forces A Team made heavy contact with a Viet Cong force of unknown size yesterday about 25 miles southwest of Ca Mau in southernmost An Xuyen Province. Initial reports listed one American killed, one wounded, and two missing in action. Viet Cong casualties have not yet been reported.

Viet Cong Plan Terrorist Campaign in Saigon

4. Viet Cong cadre in Saigon have been ordered to begin a campaign of terrorism in Saigon in retaliation for the American bombing of North Vietnam,

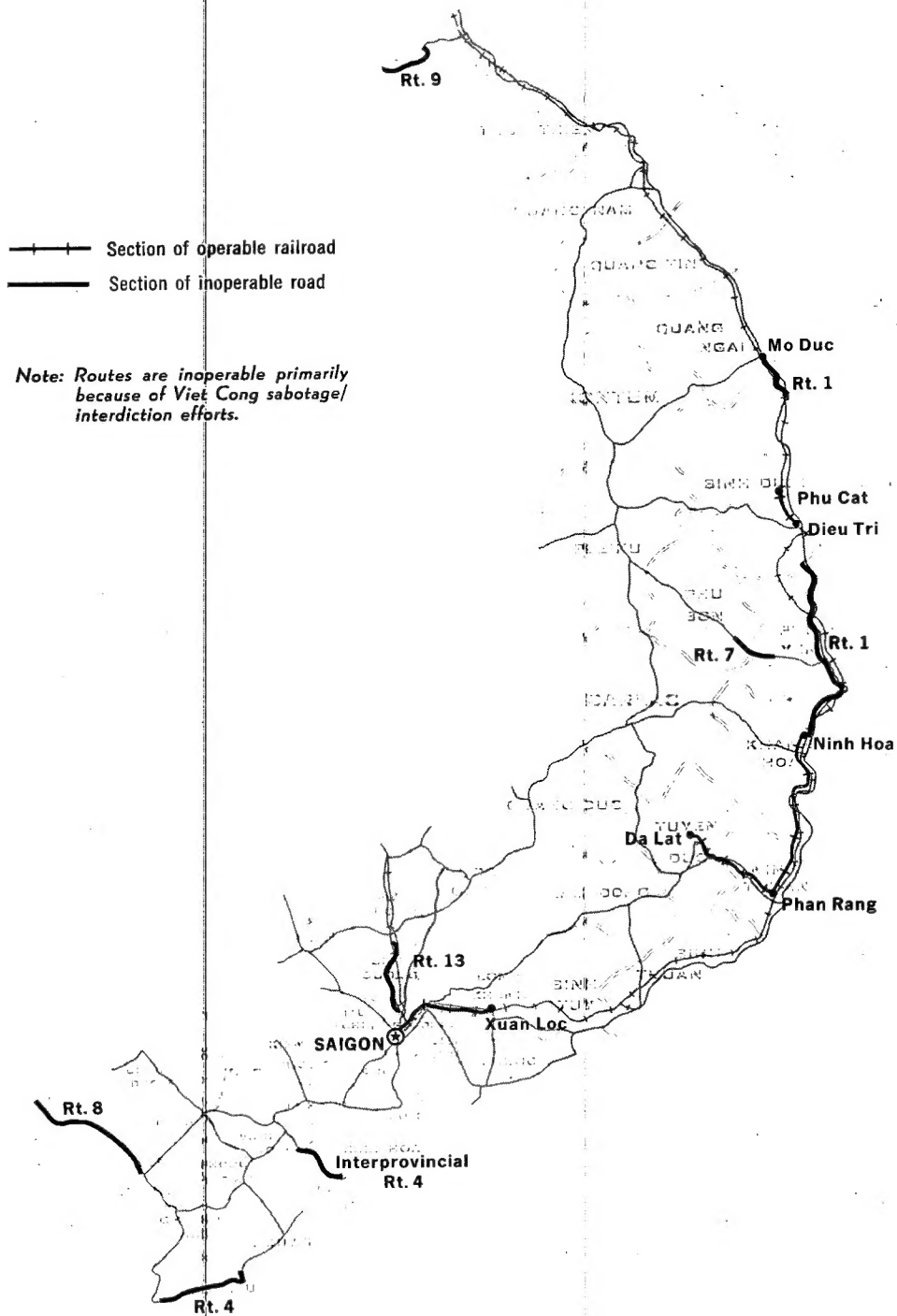
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CURRENT OPERATIONAL STATUS OF MAJOR TRANSPORTATION ROUTES AND COASTAL RAILROAD



Information as of 2 July 1966

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Indications of Impending Viet Cong Attack on Pleiku Town

5. There are continuing indications that Pleiku town is still targeted as part of the Viet Cong campaign in Pleiku Province. In an area about seven miles northwest of Pleiku town, Viet Cong cadre reportedly distributed weapons to the young men in seven villages on 29 June. Propaganda lectures have been conducted in the area and the Viet Cong have been collecting additional rice. Since as early as 21 May, the Viet Cong have conducted reconnaissance missions around Pleiku town. There are three Communist regiments in the area.

Operational Status of Major Surface Lines of Communication

6. The operational status of South Vietnam's major highways remained about the same during the week of 26 June to 2 July with Route 1 opened in Binh Thuan Province, Route 4 closed in Bac Lieu Province, Route 8 closed in Kien Giang Province, and Route 14 opened north of Dak To in Kontum Province. The nation's coastal railway was closed between Da Nang and Hue but was open in a portion of Binh Dinh Province.

Weekly Review of South Vietnam Battle Statistics

7. The week of 26 June - 2 July compared with the week of 18-25 June:

I. Viet Cong Incidents

<u>Time Period</u>	<u>Attacks</u>	<u>Regimental size</u>	<u>Battalion size</u>	<u>Company size</u>	<u>Terrorism</u>
18-25 June	17	0	2	2	614
26 June- 2 July	27	1	1	4	576

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<u>Time Period</u>	<u>Sabotage</u>	<u>Propaganda</u>	<u>Anti-Aircraft</u>	<u>Total Incidents</u>
18-25 June	48	35	143	857
26 June- 2 July	39	24	112	778

II. Casualties

	<u>VC/PAVN</u>		<u>GVN</u>	
	<u>18-25 June</u>	<u>26 June-2 July</u>	<u>18-25 June</u>	<u>26 June-2 July</u>
Killed	1,225	1,270	286	251
Wounded	-----	-----	620	459
Missing/Captured	<u>204</u>	<u>114</u>	<u>61</u>	<u>58</u>
TOTALS	1,429	1,384	967	768

	<u>US</u>		<u>FREE WORLD</u>	
	<u>18-25 June</u>	<u>26 June-2 July</u>	<u>18-25 June</u>	<u>26 June-2 July</u>
Killed	131	115	5	2
Wounded	755	487	13	9
Missing/Captured	<u>6</u>	<u>9</u>	<u>0</u>	<u>0</u>
TOTALS	892	611	18	11

III. Weapons Captured

	<u>VC/PAVN</u>		<u>GVN</u>	
	<u>18-25 June</u>	<u>26 June-2 July</u>	<u>18-25 June</u>	<u>26 June-2 July</u>
Individual	2,429	295	239	279
Crew-Served	<u>256</u>	<u>53</u>	<u>13</u>	<u>3</u>
TOTALS	2,685	348	252	282

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II. POLITICAL DEVELOPMENTS IN SOUTH VIETNAM

1. The arrest and possibly imminent court-martial of former I Corps commander General Thi has again set off shock waves within the army

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2. General Thi, arrested on 5 July in Saigon, is currently under government detention pending an investigation of his activities which could result in a court-martial. Generals Dinh, Chuan, Nhuan, and Cao are also under arrest and investigation. Premier Ky today told Ambassador Lodge that Thi's arrest is only "for the record" while the investigation is being conducted, and that he did not think that Thi would be court-martialed. Ky did indicate, however, that Thi was "finished," and would not be given a job in the government.

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5. Former National Police Director Lieu, another former close associate of General Thi, apparently interceded with Premier Ky on Thi's behalf, but was unsuccessful. Lieu's current assignment as ambassador-designate to Thailand is now reported to be in jeopardy because of General Co's maneuvering.

6. The US Embassy has commented that the arrest and possible public disgrace of General Thi could open rifts within the military that might be difficult to close.

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IV. OTHER COMMUNIST MILITARY DEVELOPMENTS

1. There is nothing of significance to report.

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V. COMMUNIST POLITICAL DEVELOPMENTS

1. French envoy Jean Sainteny is being accorded high-level VIP treatment in Hanoi, according to the French press correspondent in the North Vietnamese capital. Sainteny has been received by both President Ho Chi Minh and Premier Pham Van Dong for "long talks on two successive days without interpreters." Describing a banquet given for the envoy by the French delegate general, the AFP correspondent said the atmosphere at the talks and the dinner was "cordial."

2. The French correspondent's report may be embellished for home audiences, but if Sainteny has in fact conducted personal talks with Ho Chi Minh over an extended period of time, he is receiving unusual attention. Ho frequently receives high-ranking Western dignitaries when they are in Hanoi, but it is usually only for a brief period in the course of their talks with other DRV officials. Ho, for example, did not receive an earlier De Gaulle emissary, Jean Chauvel, last winter, and he received Canadian Ambassador Ronning only on his first visit in March. Ho had been out of public view since 15 May and was not available to Ronning on his second trip in mid-June. Sainteny is reportedly carrying a personal message to Ho from De Gaulle, although the trip is being billed as a private visit for the purpose of renewing past friendships with Vietnamese leaders.

Captured US Pilots Paraded

3. Hanoi paraded about 50 captured US pilots through the streets of the capital city on 5 July to jeers and cries for vengeance from the local population, according to the AFP correspondent there. Although Hanoi in the past has paraded individual pilots shortly after their capture in an effort to arouse the fighting spirit of their people, this is believed to be the first time that such a large number have been involved. The alleged cries for vengeance from the onlookers also imply that the parade is another aspect of the month-long buildup of "popular demand" that the prisoners be brought to trial.

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Reaction to POL Strikes

4. The first reaction to the POL bombings from a North Vietnamese diplomat carries a routine note of bravado. Le Bao, the DRV consul in New Delhi, stated on 4 July that the POL strikes will strengthen rather than weaken the North Vietnamese war effort. He claimed that the North Vietnamese had dispersed their industries and that there were no concentrations of essential industries at Haiphong. He added that he expects the recent bombings will lead to a marked increase in aid from other countries and thus will benefit North Vietnam in the long run.

Popular Morale in Hanoi

5. [REDACTED]

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[REDACTED] the situation in the North Vietnamese capital just prior to the US air strikes on targets in the Hanoi-Haiphong area.

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[REDACTED] the cumulative effect of the US bombings is beginning to be felt in the capital. [REDACTED] shortages of certain foodstuffs, limited quantities of rationed goods, and sharp rises in the prices of unrationed products. [REDACTED]

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[REDACTED] these factors, coupled with static wages, disruption of the economy, and diversion of effort to war-associated activities may soon have a worsening effect on popular morale. [REDACTED]

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[REDACTED] these difficulties may now be making the Hanoi leadership somewhat more nervous about the future and could possibly explain recent reports of a Ho Chi Minh trip to China. At present, however, [REDACTED] no evidence of real alarm in Hanoi.

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6. [REDACTED]

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[REDACTED] North Vietnam's important fifth month rice crop may be disappointing. While this is frequently the case, any shortage in domestically produced food could necessitate an increase in food imports and further complicate the regime's supply difficulties.

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Chinese Communist Comments on Vietnam War

7. The Chinese have followed up their government statement on 3 July and the blustering People's Daily editorial yesterday by broadcasting reports of mass indignation rallies in Peking, Canton, and various areas of South China. One of these accounts states that militiamen in Kwangsi Province are "preparing to go into action at any time" and quotes one man as saying, "The US imperialists are not reconciled to their defeat. Let them come! We are ready at any moment to give our firm support to the struggle of the Vietnamese people." At an Algerian reception in Peking on 5 July, Chen Yi underscored earlier statements by declaring that the Chinese people are prepared to "defy all risks and support the Vietnamese people to the very end."

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8. The abrupt cancellation by the Chinese of scheduled trips by some Western tourists may be calculated to lend credibility to tough Chinese talk. The US Embassy in Paris learned [redacted] that a tour arranged months ago through the French Embassy in Peking had been called off on four days notice. The Chinese Embassy in Paris telephoned on 5 July to say that there were "insufficient facilities" to take care of the visitors. The Frenchman speculated that the cancellation might be connected either with the "purge and internal difficulties" or with "war preparations." An AFP story from Peking stated that the cancellation may affect as many as 700 tourists whose trips had been arranged through French travel organizations.

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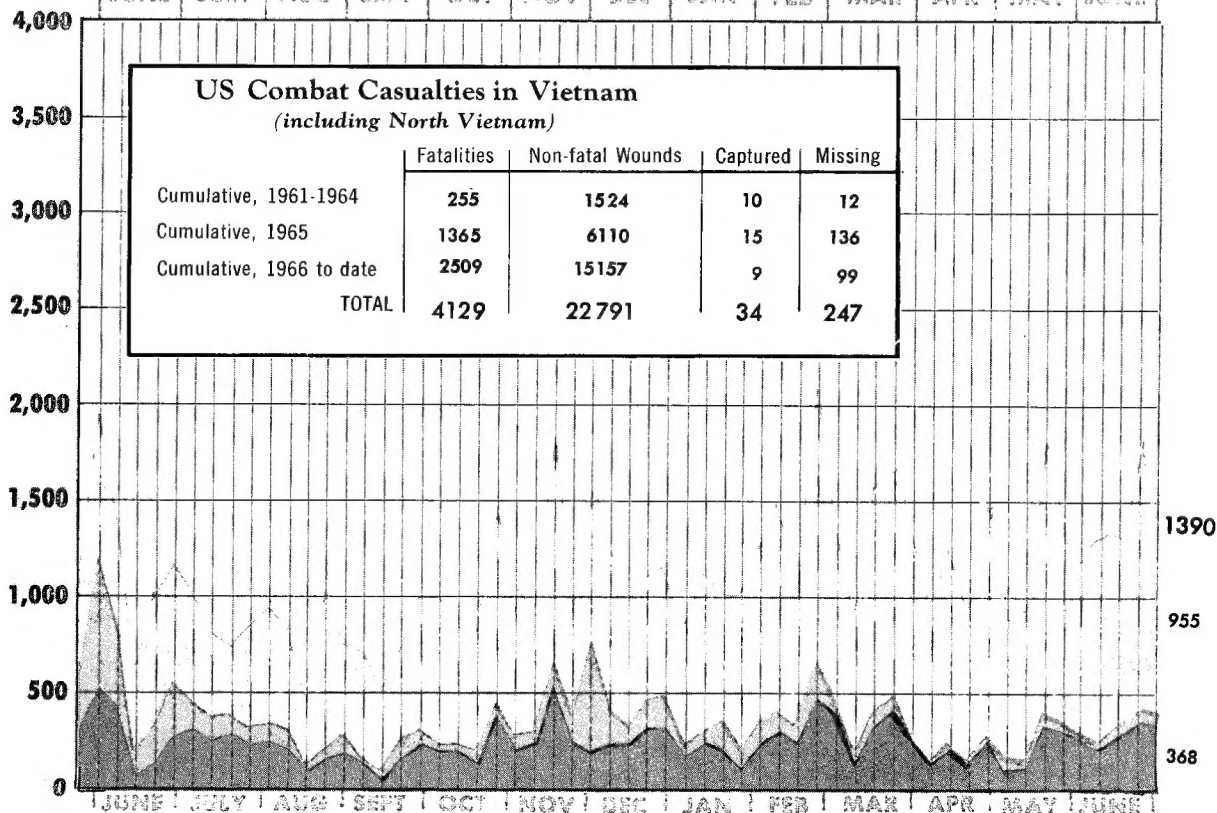
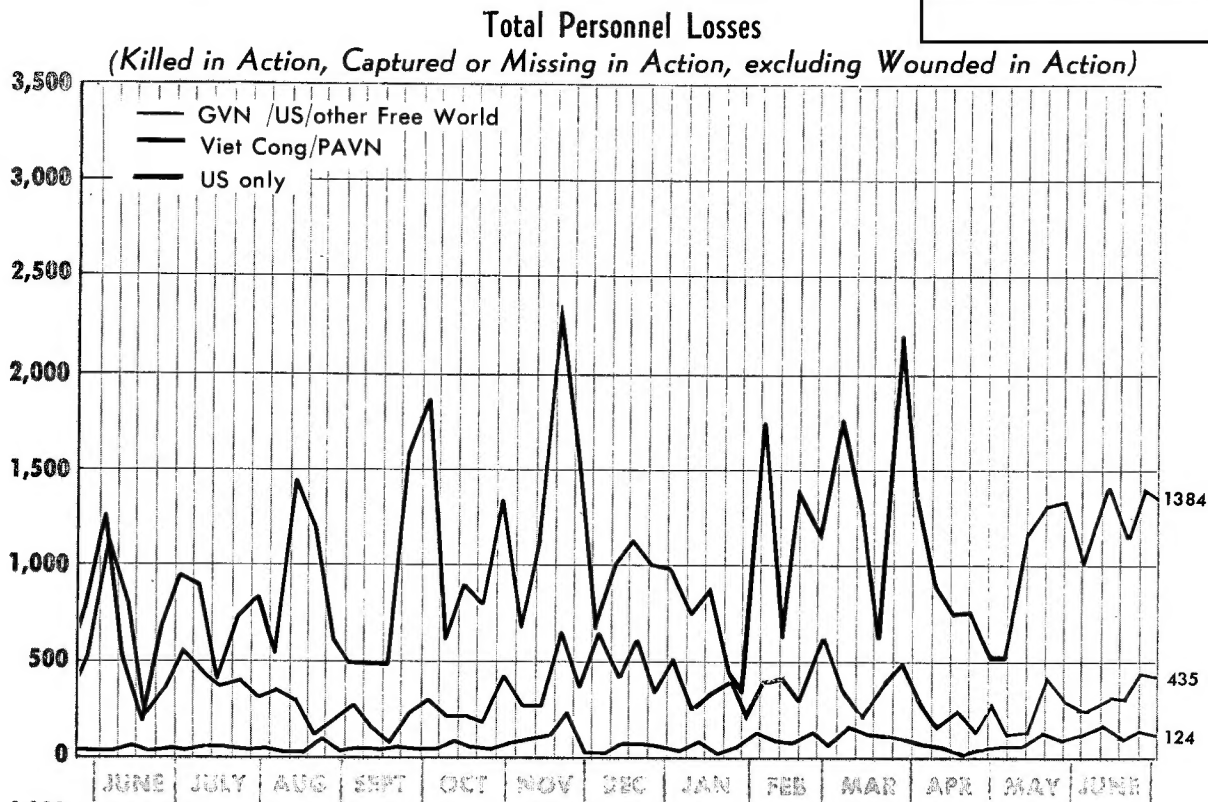
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SOUTH VIETNAM BATTLE STATISTICS

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WEEKLY REPORT 26 JUNE - 2 JULY 1966



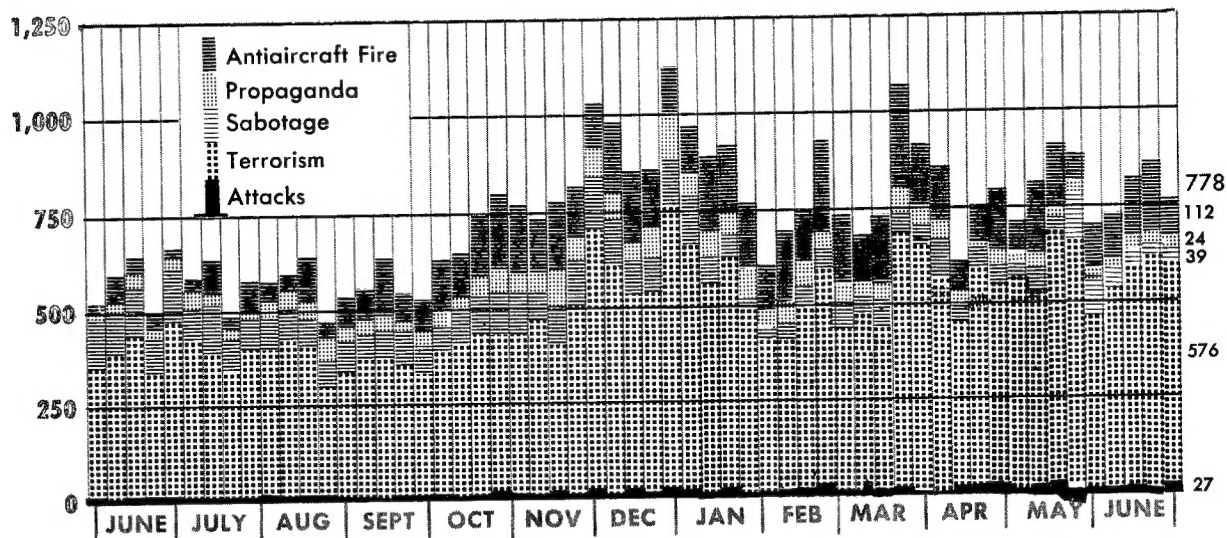
Total Friendly Forces Personnel Losses
(US/GVN/Other Free World)

62945 ■ Killed in action ■ Missing or Captured in action □ Wounded in action

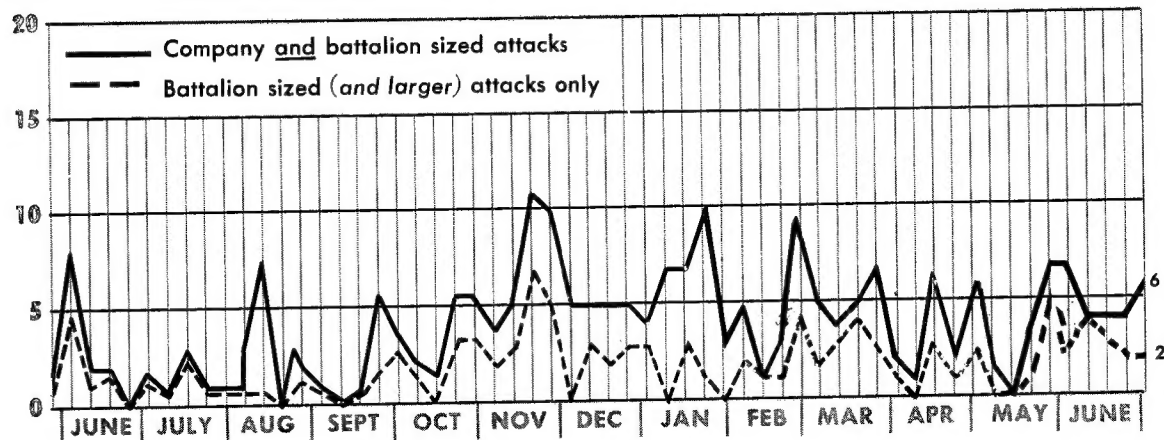
SOUTH VIETNAM BATTLE STATISTICS

WEEKLY REPORT 26 JUNE - 2 JULY 1966

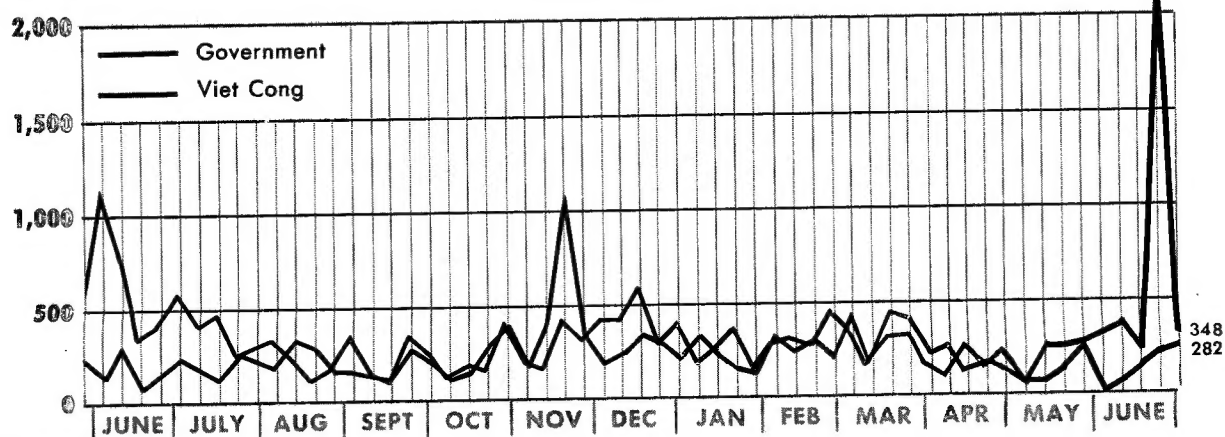
Viet Cong Incidents



Viet Cong Attacks



Weapons Losses



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